

Message Text

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PAGE 01 BRUSSE 01358 250020Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-06 TRSE-00
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC PRIORITY 4426
INFO AMEMBASSY PARIS PRIORITY
AMEMBASSY LONDON
AMEMBASSY BONN
AMEMBASSY COPENHAGEN
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
AMEMBASSY STOCKHOLM
AMEMBASSY CANBERRA

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ALSO FOR USEC, USOECD

C O R R E C T E D C O P Y FOR PARA 2 LINE 8 OMITTED

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SUBJECT: BELGIAN REACTION TO U.S. DEMARCHE ON EXPORT
CREDITS

REF: STATE 15691 AND 15723

1. ECONOMIC COUNSELOR MADE DEMARCHE EARLY JANUARY 23 TO
BELGIAN MFA DIRECTOR GENERAL FOR ECONOMIC AFFAIRS JACQUES
GROOHAERT. ALSO PRESENT AT THE MEETING WAS BELGIUM'S
EXPORT CREDIT EXPERT AND OECD/ECG CHAIRMAN GILBERT
MORLEGHEM.

2. GROOHAERT AND MORLEGHEM SAID THAT BELGIUM HAD BEEN
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PAGE 02 BRUSSE 01358 250020Z

WORKING WITHIN THE EC TO BRING THE FRENCH ALONG ON A
RENEWED AND IMPROVED CONSENSUS. THEY WOULD CONTINUE TO
DO SO. MORLEGHEM ADDED THAT HE BELIEVES THAT THE FRENCH
ECONOMIC AND FOREIGN AFFAIRS MINISTRIES ARE READY TO BE
ACCOMODATING - THE PROBLEM IS RATHER WITH THE TREASURY.
THE GOF WILL PROBABLY BE ABLE TO ACCEPT A REQUIREMENT
FOR ANNUAL REPORTING ON TIED AID CREDITS, BUT NOT RPT NOT

ANY INCREASE IN PRIOR NOTIFICATION REQUIREMENTS, ACCORDING TO MORLEGHEM. HE ALSO SEES POSSIBLE FRENCH FLEXIBILITY ON IMPROVEMENTS IN THE INTEREST RATE MATRIX, BUT NONE AS REGARDS REPORTING ON INFLATION AND EXCHANGE INSURANCE PROGRAMS (MORLEGHEM SAID SUCH A REPORTING REQUIREMENT IS STRONGLY OPPOSED BY SOME EC COUNTRIES OTHER THAN FRANCE AND THAT THERE IS ALSO GENERAL EC AGREEMENT THAT CONTROL OF SUCH PRACTICES SHOULD BE HANDLED OUTSIDE THE EXPORT CREDIT CONSENSUS). GROOTHAERT ADDED THAT FRENCH ELECTORAL SENSITIVITIES OBVIOUSLY GOVERN HOW FAR THE GOF CAN BE MOVED BEFORE MARCH. BOTH OFFICIALS AGREED THAT MUCH WILL DEPEND ON HOW SKILLFULLY OTHER PARTICIPANTS CAN PACKAGE AN AGREEMENT FOR FRENCH PUBLIC CONSUMPTION.

3. GROOTHAERT ALSO RAISED ANOTHER "PRESENTATIONAL" PROBLEM, THAT OF INCREASING LDC LONG TERM INTEREST RATES. ALL EC GOVERNMENTS ARE CONCERNED WITH THE POSSIBLE ADVERSE EFFECTS OF SUCH AN ACTION ON THE NORTH-SOUTH DIALOGUE, HE SAID. MORLEGHEM SUGGESTED THAT THE IMPACT MIGHT BE BLUNTED IF THE NEW CONSENSUS WERE DRAFTED IN A WAY THAT HIGHLIGHTED THE STIFFER TERMS AND PROCEDURES AGREED UPON BETWEEN INDUSTRIALIZED COUNTRIES AND WITH THE INTERMEDIATES.

4. DESPITE THESE PROBLEMS, MORLEGHEM IS REASONABLY HOPEFUL THAT THE EC EXPERTS' MEETING JANUARY 24-25 WILL LIMITED OFFICIAL USE

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PAGE 03 BRUSSE 01358 250020Z

REACH AN AGREEMENT ACCEPTABLE TO THE U.S. THIS MIGHT INCLUDE AN INCREASE IN INTEREST RATES, ALTHOUGH PERHAPS NOT BY AS MUCH AS WE HAVE PROPOSED, AND SOME INCREASED TRANSPARENCY ON TIED AID CREDITS. HE QUESTIONS HOWEVER, WHETHER ANY SUCH ACCORD WILL BE SUBMITTED TO THE EC COUNCIL ("TOO TECHNICAL"). ANY DECISIONS THIS WEEK WILL PROBABLY RATHER BE SUBMITTED DIRECTLY TO CAPITALS, ACCORDING TO MORLEGHEM, TO BE CONFIRMED BY ANOTHER EXPERTS' MEETING IN BRUSSELS IN EARLY FEBRUARY. OLSEN

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